

Minutes, Budget Committee of Academic Senate

Meeting of October 18, 2002 (as approved Nov. 8, 2002)

Present: Michael McIntyre (chair), Stephen Calkins, Marc Cogan, Charles Elder, Diane Gebard*, Marlyne Kilbey, William Slater, James Woodyard.

Absent with Notice: Louis Romano*, Vanessa Rose*, Linea Rydstedt, William Volz.

Absent w/o Notice: Ravi Dhar, Charles Parrish, Lucia Schuger, Frances Trix.

Guest: Celeste Lezuch (representing Director of Budget Office).

*Liaison

1. The meeting convened at 1:04 p.m. The minutes of the meetings of July 29, 2002, were approved without amendment.
2. *Announcements.* The chair welcomed Celeste Lezuch as a last-minute replacement for the Budget Director, Vanessa Rose, who was unable to attend.
3. *Getting Budget Process Started Early.* The first topic of discussion was the desirability of getting the budget process started early this year so that there could be meaningful consultation with this committee and other relevant committees. The Chair had raised this issue at the Board of Governors (BOG) meeting on July 29, 2002, on behalf of the committee and both President Reid and Provost Bantz had given assurances that the process would be started in the early fall. Members of the committee who also serve on Policy reported that Policy has already begun the process of submitting names of candidates to serve on the Budget Review Committee (BRC), although that process is not yet complete. The Administration will pick one name from the list of five submitted to join Seymour Wolfson, President of the Senate, on the BRC.

Several members noted that the Administration has appointed two committees to look into possible ways of saving money for the current and coming academic years. One committee will deal with issues on the Academic side, and the other will deal with issues on the Administrative side. Prof. Elder has agreed to serve on the academic committee. He informed the group that the committee was meeting later in the day. After some discussion, the committee asked the chair to inform Provost Bantz that it was prepared to assist the university in addressing projected budget shortfalls and to review the proposals of the two ad hoc committees. The chair was also asked to request that the Budget Committee be provided with a copy of any reports and supporting documentation that these two committees may produce. It was also decided that the chair should converse with Prof. Elder to see what role the Budget Committee might play in assisting the university to deal with the budget problems that the Administration is anticipating for next year.

There was some discussion of a memo that came out of the Provost's Office suggesting a merger of the Colleges and Engineering and Science. Apparently there is some hope that a merger would save some administrative overhead costs, and that some common functions in the two colleges might be combined. Some concern was expressed about the

procedures that the administration has followed in moving forward with a consideration of a merger. It was suggested that the Provost's Office should have had some discussion with the Academic Senate about the review process before the memo was circulated and before a committee was appointed with an apparent agenda to consider a merger.

One member indicated that Provost Bantz had expressed concern to the Policy Committee about a possible in-year reduction in the budget after the election. Cuts during the current year are difficult to make. Fortunately, the University has a rainy-day fund to deal with such an emergency. In addition, short-term borrowing from the cash pool might get the University through the current year. The degree of the problem depends on whether any cuts are only to the current budget or are to the base budget.

One member noted that it is useful to distinguish short-term measures to deal with a budget problem and long-term measures to deal with an effective allocation of University resources. Many useful long-term steps provide little current savings. And some actions taken to deal with a short-term budget shortfall might have important long-term implications for academic programs. He suggested that it would be unwise to take hasty action on major issues just to deal with short-term funding problems.

One member suggested that the University should be looking at revenue enhancements to deal with any projected shortfalls in State support. He noted that billing for research projects has often been very slow and that more timely billing would provide a one-time increase in funds that could be substantial. He also indicated that the delays in the General Counsel's office in approving grants causes the University to delay a cash-flow stream that may be significant.

Some members suggested that the PriceWaterhouseCoopers report may have dealt with some of these management issues. The report has been made available to the Academic Senate but apparently has not been studied.

4. *Communication with Unit Committees.* Under the AAUP-AFT contract with the University, every academic unit in the University is supposed to have a budget committee, elected by members of the bargaining unit. The members may vote to designate an existing committee, such as an executive committee, to serve as the budget committee. The chair or other unit head is required to consult with the unit budget committee on all budget issues affecting the unit. This committee has requested from the Provost's Office a list of the chairs of the various unit budget committees. The initial request was made in early January of 2002 and has been repeated many times. Fortunately, the Provost's Office has now provided Ms. Gebard with a partial list, which she brought to the meeting. Apparently a number of units have failed to respond to requests for the information from the Provost's Office.

It was suggested that some units may not have elected a unit budget committee. One member noted that the College of Engineering had designated the college executive committee to act as the budget committee. The chair indicated that this arrangement would seem to violate the contract, which calls for committees in each department. The executive

committee could act as a college budget committee, although such a committee would be in addition to the committees required under the contract.

Various members of the committee indicated that it was important that the committee work with the unit budget committees. It was felt that this committee could help the unit committees to understand budget issues at the University level and to give voice to their concerns. It was also felt that the unit committees might be able to provide useful information on budget problems at the unit level, on the impact of recent budget cuts on their academic programs, and on long-term trends in their unit. Some members noted that some budget committees will not have such information. Another member suggested that at least some of the information might be available from the chair or from unit records.

After discussion, the chair was requested to ask the President of the Senate to send a letter to all of the units. The letter would invite cooperation between the unit budget committees and this committee. The chair was asked to prepare a draft of such a letter.

5. *Measuring the Changes in General Fund Revenue Going to Academic Units.* The Budget Committee has expressed a concern for many years about the decline in the percentage of the General Fund budget going to academic units. According to the simple calculation made from information in the General Budget, the percentage has declined from around 46 percent in FY 1993 to 38 percent in FY 2003. The Administration has acknowledged the problem and indicated a willingness to address it. It has suggested, however, that the figures used by the Budget Committee ought to be adjusted in some ways to take into account spending made on behalf of the academic units at the university level.

The Budget Committee has always acknowledged that one number cannot fully express the complexity of the changes that occur over time at the University, and it has expressed a willingness to work with the University Budget Office in developing more refined numbers. It has insisted, however, that the numbers should not be adjusted on an annual basis without readjusting all of the numbers for prior years. As researchers well understand, change numbers, if computed on a consistent basis, tend to be quite reliable because the possible errors in the annual numbers get cancelled out when the change numbers are computed. A more refined calculation might show, for example, that the base number for FY 1993 should be increased to 50 percent or reduced to 42 percent, but the decline of 8 percentage points from 1993 to 2003 would not be expected to change significantly.

One of the goals for the current meeting was to develop with the Budget Office a plan for obtaining more refined numbers. Unfortunately, the Director of the Budget Office was unable to attend the meeting, and her replacement was not in a position to address that matter.

6. *Involvement in Evaluation of Budget Options.* In the last academic year, the Budget Committee had indicated that it wanted to improve the process for consulting with the University on budget issues. Some changes were made last year to improve information flows. The committee is hoping to make further improvements this year.

Everyone understands that a key to constructive and informed consultation is the availability in timely fashion of relevant budget information. Some members of the committee were interested in finding out what has actually occurred with the 2.5 percent cut in the salary portion of the budgets of units and divisions in the University. When he met with this committee, Provost Bantz had indicated that the cuts would not necessarily be made across the board — that he would exercise discretion to minimize hardships and to avoid undermining successful programs. The chair indicated that he has so far been unable to obtain information from the Budget Office on how the cuts were actually made. Celeste Lezuch indicated that the Budget Office has not yet received such information from the Provost's Office.

Ms. Lezuch was asked when information would be available on the costs actually incurred as a result of the contract negotiations that were concluded this summer. She indicated that the information had not yet been loaded into the budget but that it should be loaded in the next week or so. Those numbers would be used in building the budget for FY 2004. The committee asked that the revised numbers be made available as soon as possible.

7. *Parking.* The chair reminded the committee that Vice President Meredith Gibbs had promised to discuss the parking issue with the committee in the context of the auxiliary budget that would be going to the Board of Governors. The promised meeting is scheduled for November 4, 2002, at 1 p.m. It will be a joint session with Policy and Facilities.

Various members of the committee indicated that they would need to have information prior to the meeting that described the various construction plans, showed their projected costs, and showed the expected revenue increases coming from the parking fee increases that were implemented this past summer. The chair suggested that this information probably would be included in the budget materials to be submitted to the BOG. The committee asked the chair to request that Vice President Gibbs provide the committee with the budget information relating to parking sufficiently in advance of the Nov. 4 meeting to allow for review of the data.

8. *Additional Issues.* the chair asked the members to suggest any additional issues that the committee might want to consider including in its agenda for the current academic year. The following items were suggested:

- One member noted that the Vice President for Research, George Dambach, had indicated that the University was considering changes in the way indirect cost recovery funds would be distributed. The goal was to provide funds for enhancement and repair of various research facilities. There were discussions about the possible appointment of a committee over a year ago to look into the matter and make recommendations. Dr. Dambach was expected to write a charge for the proposed committee and present it to Policy for discussion, but that action apparently has not yet occurred. It was suggested that the Budget Committee should take action to ensure appropriate consultation with the Academic Senate. The chair indicated that he would convey this concern to

the Policy Committee and would consult with the President of the Senate about the proper role, if any, for the Budget Committee on this matter.

- One member expressed concern about the possible impact on the General Fund of the initiative to provide residential housing for undergraduate students. He indicated that he was supportive of the initiative in principle, as long as it did not detract from funding other programs in the schools and colleges, and he did not want his request for information to be interpreted as a critical comment on the program. He indicated, however, that information about the finances of the program have not been made available, and he is reserving judgment on the program until he can review that information. Another member noted that one dormitory is complete and the other is well under way, so the cost to the University has already been incurred. He also noted, on the basis of a visit early in the school year, that the completed dormitory is attractive, and the atmosphere there appears to be excellent. He also indicated that any communication with the University on housing should stress the support of the committee for the program. The chair noted that he had spoken to the BOG about the housing program on several occasions on behalf of the committee and had expressed the support of the committee for the program. After some discussion, the chair indicated that he would put the matter of student housing on the agenda for a later meeting.
- One member indicated that the committee has considered in the past various ways to reverse the trends toward a lower percentage of the budget going to the academic units and particularly for rebuilding the size of the tenured and tenure-track faculty, which has suffered many losses. He asked that the committee revisit this issue in the current year.
- Some members suggested that the committee should focus some attention on the priorities being set for university fund raising. One member indicated that sports facilities was being given a high priority by the Administration, whereas many faculty would prefer to see an emphasis on obtaining funding for chaired professorships. It was noted that these goals are not mutually exclusive. It was also suggested that greater consultation is appropriate when the fund raising activities of units are being centralized.

6. The meeting adjourned at 2:20 p.m.

By Michael J. McIntyre